

SONOMA COUNTY ECONOMIC FORECAST

The Sonoma County economy is expanding quickly. In 2017 it gained 4,400 jobs, representing a growth rate of 2.1 percent, placing near the average for all California counties. The best performing industries in the county were construction, healthcare, and professional services.

The 2017 wildfires, which burned many acres across Northern California, were a pivotal event for the Sonoma County economy. The fires destroyed approximately 5,100 homes and more than 1,000 non-residential structures, and displaced a substantial portion of the population and business community.

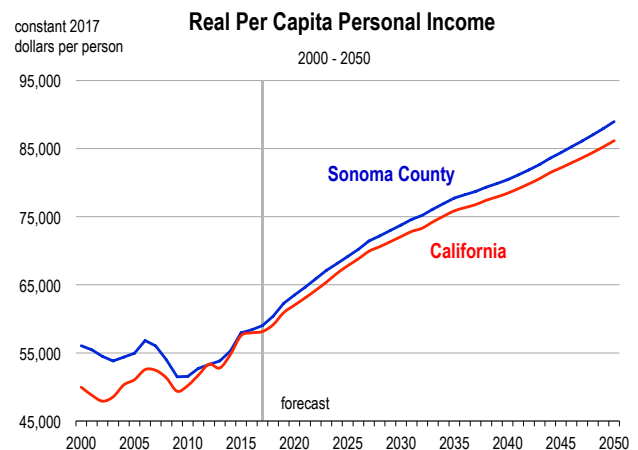
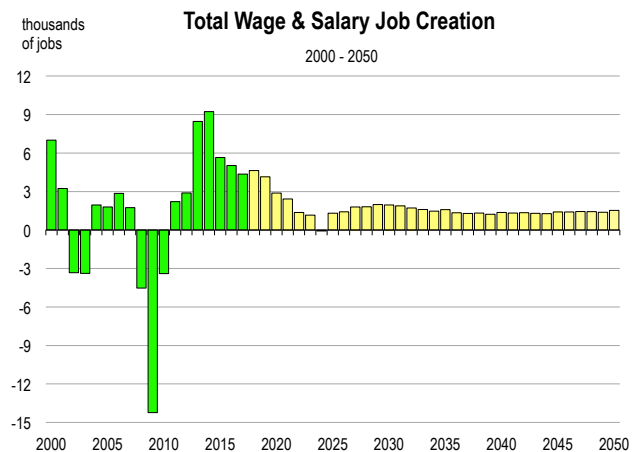
The fires will have the most pronounced impact on the construction industry. Most of the destroyed homes are expected to be rebuilt by 2021, creating extra demand for construction workers. More than 1,000 construction jobs could be created in 2018, with an additional 1,500 jobs created by 2021. After 2021, staffing levels will become dependent on broader trends in the demand for homes and non-residential structures.

The fires have also had a major impact on the leisure services sector. As households were displaced from their homes, many took temporary residence in local hotels, pushing the hotel occupancy rate to record levels. They also began to eat at restaurants more often, because they no longer had access to their own kitchens. Both of these factors created extra demand for hotel and food service workers, and will lead to strong job growth in the leisure industry until most of the homes have been rebuilt.

As homes are rebuilt, population growth will increase as households return to the county. Net migration will accelerate, with an average of 1,800 net migrants entering the county each year. But after this point, population growth will slow, as high housing prices deter people from moving to the region. Home prices have surpassed their bubble-era peak, and housing affordability is becoming a problem. In Sonoma County, many households spend 35 percent of their pre-tax income on mortgage payments and rent, whereas this figure is less than 25 percent in other parts of the state.

FORECAST HIGHLIGHTS

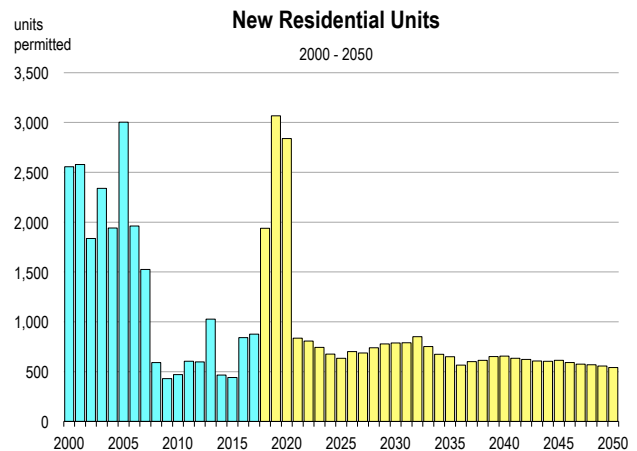
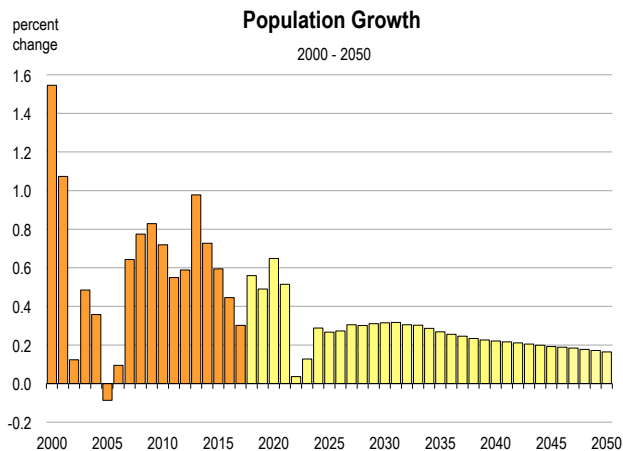
- Job growth of 2.2 percent is expected in 2018. Between 2018 and 2023, the annual growth rate will average 1.1 percent.
- Between 2018 and 2023, job creation will be concentrated in leisure services, healthcare and education, professional business services, and government. Combined, these industries will account for 76 percent of net job creation in the county.
- The construction industry will generate a large number of jobs through 2021, but may begin to lose jobs near the end of the forecast period.
- Housing production will accelerate sharply over the next few years as homes are rebuilt. Between 2018 and 2023, ground will break on an average of 1,700 homes each year.
- Non-residential construction activity will remain strong over the forecast period. Many of the commercial structures destroyed in the fires will be rebuilt, and the county's development pipeline has a number of hotels and logistics projects.
- Population growth is expected to average 0.4 percent per year from 2018 to 2023. Net migration was low in 2017, but will increase in 2018 as people who were displaced by the fires begin to return to the county.
- Average salaries are below the California average, and will remain so over the foreseeable future. In Sonoma County, inflation-adjusted salaries are expected to rise by 1.8 percent per year from 2018 to 2023, which will be similar to statewide growth.



Sonoma County Economic Forecast

2010-2017 History, 2018-2050 Forecast

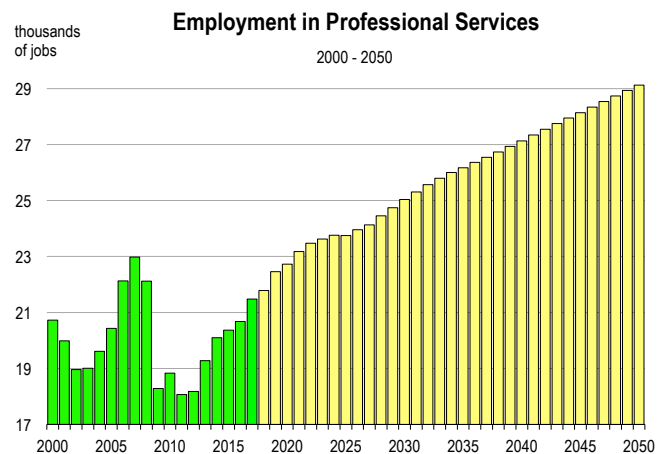
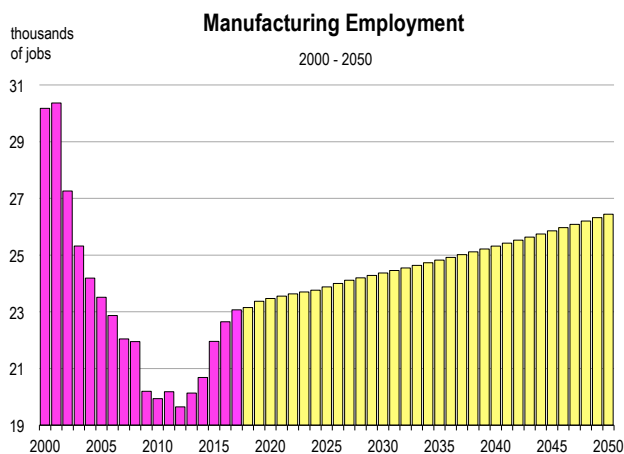
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	484,053	1,440	486	185.8	470	\$6.5	\$20.6	\$51,560	1.3	715.4	5.1	10.9
2011	486,713	1,196	484	186.2	604	\$7.0	\$21.8	\$52,709	2.7	684.8	4.9	10.3
2012	489,576	1,642	484	187.8	597	\$7.4	\$22.7	\$53,299	2.7	943.0	5.0	8.9
2013	494,364	3,616	501	189.9	1,027	\$8.0	\$23.7	\$53,810	2.3	952.5	5.3	7.1
2014	497,957	2,568	511	191.0	465	\$8.5	\$25.2	\$55,302	2.8	960.4	5.7	5.6
2015	500,919	1,915	522	191.7	442	\$8.7	\$27.3	\$57,961	2.6	815.4	6.0	4.5
2016	503,152	1,185	535	192.3	841	\$9.0	\$28.5	\$58,379	3.1	927.0	6.1	4.0
2017	504,671	564	532	193.3	876	\$9.4	\$29.8	\$59,023	3.2	835.3	6.3	3.4
2018	507,495	1,846	538	194.7	1,938	\$10.2	\$31.8	\$60,396	3.7	889.0	6.6	2.9
2019	509,982	1,462	543	195.9	3,067	\$11.2	\$34.0	\$62,279	3.1	894.1	6.7	2.6
2020	513,289	2,247	548	196.9	2,839	\$12.0	\$36.3	\$63,490	4.1	899.3	6.8	2.8
2021	515,931	1,549	552	197.8	836	\$12.2	\$38.5	\$64,638	3.6	904.6	6.9	3.0
2022	516,118	-934	556	198.6	807	\$12.7	\$40.6	\$65,872	3.5	910.0	7.1	3.2
2023	516,776	-485	560	199.3	743	\$13.2	\$42.8	\$67,106	3.4	915.4	7.2	3.3
2024	518,264	325	563	199.9	676	\$13.9	\$45.0	\$68,109	3.3	921.0	7.4	3.5
2025	519,646	215	565	200.6	634	\$14.5	\$47.2	\$69,135	3.1	926.7	7.6	3.5
2026	521,063	242	568	201.2	701	\$15.2	\$49.6	\$70,200	3.1	932.4	7.8	3.6
2027	522,652	408	570	202.0	687	\$16.0	\$52.1	\$71,452	3.0	938.3	7.9	3.6
2028	524,226	388	572	202.7	739	\$16.8	\$54.5	\$72,164	3.3	944.4	8.1	3.7
2029	525,854	432	574	203.5	778	\$17.6	\$57.0	\$72,964	3.1	950.5	8.3	3.8
2030	527,511	456	576	204.3	787	\$18.4	\$59.5	\$73,772	3.0	956.8	8.5	3.8
2031	529,182	468	578	205.1	790	\$19.2	\$62.1	\$74,594	2.9	963.2	8.7	3.9
2032	530,796	401	580	205.9	851	\$20.1	\$64.8	\$75,194	3.1	969.7	8.9	3.9
2033	532,403	401	581	206.7	752	\$21.0	\$67.6	\$76,121	2.7	976.4	9.1	3.9
2034	533,927	338	583	207.5	674	\$21.9	\$70.5	\$76,937	2.9	983.2	9.3	3.9
2035	535,359	282	585	208.1	649	\$22.9	\$73.5	\$77,750	3.0	990.2	9.5	3.9
2036	536,726	262	587	208.8	565	\$23.9	\$76.7	\$78,253	3.4	997.3	9.7	3.9
2037	538,045	258	588	209.4	600	\$24.9	\$80.0	\$78,718	3.5	1004.5	9.9	3.9
2038	539,303	234	590	210.0	613	\$26.0	\$83.5	\$79,357	3.3	1011.9	10.2	3.9
2039	540,522	226	592	210.6	651	\$27.1	\$87.2	\$79,860	3.5	1019.5	10.4	3.9
2040	541,716	223	594	211.2	656	\$28.2	\$91.0	\$80,435	3.4	1027.2	10.6	3.9
2041	542,887	220	596	211.9	634	\$29.3	\$94.9	\$81,128	3.2	1035.1	10.9	3.9
2042	544,032	214	598	212.5	622	\$30.5	\$98.9	\$81,881	3.1	1043.2	11.1	3.9
2043	545,147	198	599	213.1	607	\$31.6	\$103.1	\$82,683	3.0	1051.4	11.4	3.9
2044	546,230	181	601	213.7	604	\$32.8	\$107.4	\$83,611	2.8	1059.8	11.7	3.9
2045	547,279	159	603	214.4	613	\$34.1	\$111.9	\$84,408	3.0	1068.3	11.9	3.9
2046	548,312	157	605	215.0	591	\$35.4	\$116.5	\$85,259	2.9	1077.1	12.2	3.9
2047	549,322	147	607	215.6	575	\$36.8	\$121.3	\$86,122	2.9	1086.0	12.5	3.9
2048	550,296	129	609	216.2	569	\$38.2	\$126.4	\$87,021	2.9	1095.1	12.8	3.9
2049	551,241	117	610	216.8	556	\$39.7	\$131.6	\$87,955	2.9	1104.4	13.1	3.9
2050	552,146	98	612	217.4	541	\$41.2	\$137.2	\$88,954	2.9	1113.9	13.4	3.9

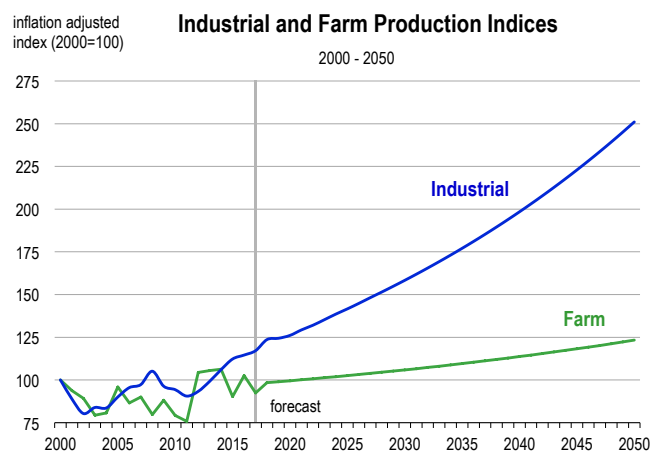
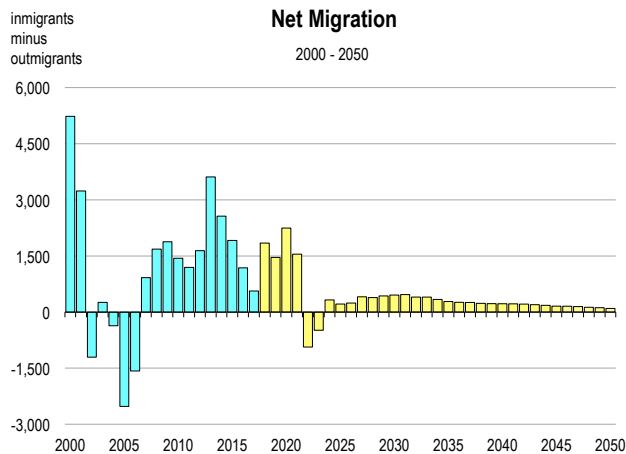
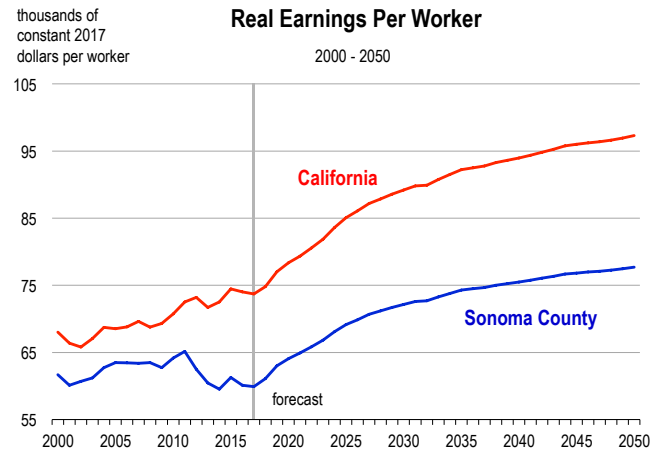
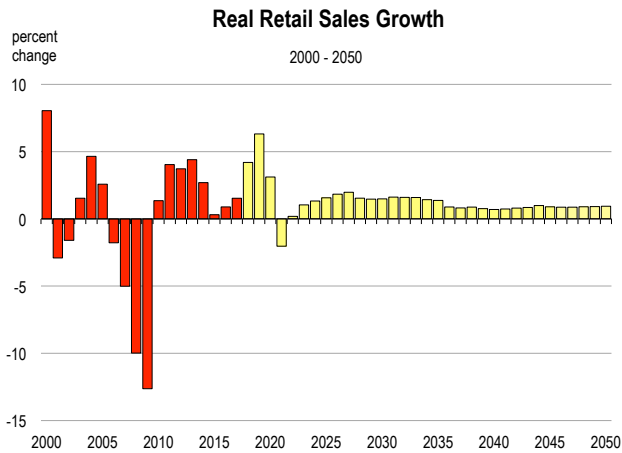


Sonoma County Employment Forecast

2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2010	174.3	5.65	8.9	19.9	3.9	28.1	7.7	18.8	2.5	25.9	20.1	26.8
2011	176.5	5.79	8.6	20.2	3.8	28.6	7.6	18.1	2.5	26.2	20.5	28.4
2012	179.4	5.96	8.8	19.7	3.9	29.6	7.4	18.2	2.6	27.1	21.8	28.0
2013	187.9	6.26	9.9	20.1	4.1	31.0	7.4	19.3	2.6	28.7	22.8	28.9
2014	197.1	6.09	10.5	20.7	4.3	31.8	7.7	20.1	2.7	31.2	23.8	31.2
2015	202.8	5.99	11.6	22.0	4.3	32.2	8.1	20.4	2.7	32.1	24.6	31.8
2016	207.8	6.13	12.4	22.7	4.2	32.6	8.4	20.7	2.7	33.0	25.3	32.3
2017	212.2	6.32	13.1	23.1	4.0	32.9	8.6	21.5	2.7	34.3	25.7	32.7
2018	216.8	6.42	14.1	23.2	4.2	33.0	8.7	21.8	2.8	35.3	26.5	33.3
2019	221.0	6.44	14.5	23.4	4.2	33.4	8.8	22.5	2.8	36.3	26.9	33.8
2020	223.8	6.45	15.4	23.5	4.3	33.6	8.8	22.7	2.9	37.1	27.1	34.1
2021	226.3	6.47	15.6	23.6	4.3	33.5	8.8	23.2	3.0	37.9	27.5	34.3
2022	227.6	6.49	15.2	23.6	4.2	33.5	8.8	23.5	3.0	38.7	28.0	34.4
2023	228.8	6.51	14.6	23.7	4.2	33.5	8.8	23.6	3.0	39.5	28.4	34.5
2024	228.7	6.53	13.0	23.8	4.2	33.5	8.8	23.8	3.1	40.2	28.7	34.6
2025	230.1	6.55	12.8	23.9	4.2	33.6	8.9	23.7	3.1	41.0	28.9	34.8
2026	231.5	6.57	12.5	24.0	4.2	33.7	8.9	24.0	3.2	41.8	29.0	35.0
2027	233.3	6.60	12.6	24.1	4.2	33.8	8.9	24.1	3.2	42.6	29.2	35.2
2028	235.1	6.62	12.5	24.2	4.2	33.9	8.9	24.5	3.3	43.5	29.4	35.3
2029	237.1	6.64	12.6	24.3	4.2	34.0	9.0	24.7	3.3	44.3	29.6	35.4
2030	239.0	6.66	12.6	24.4	4.2	34.0	9.0	25.0	3.4	45.2	29.9	35.6
2031	240.9	6.68	12.7	24.5	4.3	34.1	9.0	25.3	3.4	45.9	30.1	35.7
2032	242.6	6.70	12.7	24.5	4.3	34.2	9.0	25.6	3.4	46.6	30.4	35.9
2033	244.2	6.73	12.7	24.6	4.3	34.3	9.1	25.8	3.4	47.2	30.7	36.0
2034	245.7	6.75	12.5	24.7	4.3	34.4	9.1	26.0	3.5	47.8	31.0	36.2
2035	247.3	6.77	12.5	24.8	4.3	34.5	9.1	26.2	3.5	48.5	31.2	36.4
2036	248.6	6.80	12.4	24.9	4.3	34.6	9.1	26.4	3.5	49.0	31.5	36.5
2037	249.9	6.82	12.3	25.0	4.3	34.6	9.1	26.5	3.5	49.5	31.8	36.6
2038	251.3	6.85	12.4	25.1	4.3	34.7	9.1	26.7	3.5	49.9	32.1	36.7
2039	252.5	6.87	12.3	25.2	4.3	34.8	9.1	26.9	3.6	50.2	32.4	36.8
2040	253.8	6.90	12.5	25.3	4.3	34.8	9.1	27.1	3.6	50.5	32.7	37.0
2041	255.2	6.92	12.5	25.4	4.3	34.9	9.1	27.3	3.6	50.8	32.9	37.1
2042	256.5	6.95	12.6	25.5	4.3	34.9	9.1	27.5	3.6	51.1	33.2	37.3
2043	257.8	6.97	12.6	25.6	4.3	35.0	9.1	27.8	3.6	51.4	33.5	37.4
2044	259.1	7.00	12.5	25.7	4.3	35.1	9.1	27.9	3.6	51.7	33.8	37.6
2045	260.5	7.03	12.6	25.9	4.3	35.1	9.1	28.1	3.6	52.1	34.1	37.8
2046	261.9	7.05	12.6	26.0	4.3	35.2	9.1	28.3	3.7	52.5	34.4	37.9
2047	263.4	7.08	12.6	26.1	4.3	35.3	9.2	28.5	3.7	52.9	34.7	38.1
2048	264.8	7.11	12.6	26.2	4.3	35.3	9.2	28.7	3.7	53.3	35.0	38.3
2049	266.2	7.14	12.6	26.3	4.3	35.4	9.2	28.9	3.7	53.7	35.4	38.4
2050	267.7	7.17	12.6	26.4	4.3	35.4	9.2	29.1	3.7	54.2	35.7	38.6





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	8.7%
Expected job growth:	5.5%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	13.1%

Expected population growth:	1.8%
Net migration to account for:	41.4%
Expected growth in number of vehicles:	4.0%

Demographics (2018)

Unemployment rate (April 2018):	2.5%
County rank* in California (58 counties):	5th
Working age (16-64) population:	63.7%

Population with B.A. or higher:	33.0%
Median home selling price (2017):	\$570,000
Median household income:	\$73,869

Quality of Life

Violent crime rate (2016):	350 per 100,000 persons
County rank* in California (58 counties):	25th
Average commute time to work (2018):	27 minutes

High school drop out rate (2017):	9.3%
Households at/below poverty line (2018):	7.2%

* The county ranked 1st corresponds to the lowest rate in California